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SUBJECT: MEETING WITH THE MINISTER OF MINES, ENERGY AND
INDUSTRY

¶1. (SBU) SUMMARY: On February 17, CG Juba met with Government of Southern Sudan (GoSS) Minister of Mines, Energy and Industry Albino Akol Akol and his Under Secretary Chuor Deng Mareng. They discussed the outdated inventory of mineral and energy resources that Southern Sudan controls. The Minister described in detail his concerns with the Government of National Unity's (GNU) handling of the petroleum portfolio. He optimistically predicted a pipeline through Ethiopia connecting Southern Sudan to the sea, brushing off the fact that mountain ranges bar the way. End Summary.

Gold in Them There Hills, and Other Stuff

¶2. (U) Akol welcomed CG and praised the USG for having opened a consulate general in Juba, yet another palpable American commitment to helping Southern Sudan recover and reconstruct from decades of war. He said that his fledgling ministry had been in operation since 1998, but for the first time had a stable base of operations. He took the CG on a brief tour of the astonishingly dilapidated ministry compound, including one annex that had been hit and gutted by high explosives - he did not know which side had fired the round.

¶3. (U) Akol presented one of his geologists, David Loro Gubek, who listed mineral reserves known to exist on South Sudan. He explained that the crust of much of the area dated from the Precambrian and was similar to mineral-rich zones in Canada, Australia, South Africa, and Brazil. Gubek admitted that the information at hand was outdated, the findings of a Belgian Technical Cooperation inventory dating from the 1970s. This had identified gold deposits near Kapoeta and Juba, as well as chromium, copper, iron, and uranium ores. He said that no inventory had been taken of the former volcanic zone in Western Equatoria: it was unknown if kimberlitic (potentially diamond-bearing) pipes exist. Akol said that GoSS hoped to attract investors to the South to determine what deposits were worth commercial exploitation, in order to diversify Southern Sudan's economic base.

Surprisingly Strong Capacity

¶4. (U) Akol said that the ministry staff was much better prepared than those of most other ministries. He counted 120 graduates in geology among his ministry assets. Few of these had been able to find work in Khartoum, because of the color bar in the North, but many had experience in Uganda and other sub-Saharan countries. He noted that USAID had sponsored geologist technicians for additional training in Nairobi, and that Norway had offered training in petroleum

engineering. The greatest weaknesses, he admitted, were total inexperience in negotiating exploration/production contracts that did not disfavor the GoSS. They were reluctant to sign any deals for fear of being shortchanged. CG remarked that specialized firms existed that could be contracted to provide professional advice. CG emphasized that it was also important to thoroughly vet all would-be investors in the mining sector to ensure that they had the requisite experience and capital, as well as an established reputation for fair and honest dealings.

Black Gold the Crown Jewel

15. (SBU) Akol said that no one in the GoSS, including him, believed that the GNU would offer the South its fair share of oil revenues. The GoSS would nonetheless seek to find an equitable solution, since it did not want to be blamed for taking a position that scuttled the Comprehensive Peace Agreement (CPA). For the moment, however, the GoSS was in a difficult position. His ministry had zero access to GNU production, existing contracts, or marketing figures: he had no idea what production figures were, or what funds were coming in. The GNU had also refused to reveal how much the state oil company, Sudapet, was taking off the top for refining and consumption in the North.

16. (SBU) He complained that the GNU was also attempting to push the border further South to deprive the GoSS of revenues from areas that had clearly belonged to the South in 1956. Most galling, he said, was the GNU's insistence that it alone negotiate all new contracts for exploration and production in the South, without consulting with the GoSS about ecological or social issues that affected the

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people of the South.

17. (SBU) Akol confirmed that the GoSS Council of Ministers would meet to examine the White Nile Ltd. vs. Total dossier. He would not be drawn out on his views (which are rumored to favor Total), noting only that we would be happy to report back on the outcome of the meeting. Akol said that the solution for South Sudan was south. They needed to construct strong road and infrastructure links to Mombasa and a pipeline in the near future through Ethiopia. CG noted the existence of mountain barriers and suggested that a project of this nature would be expensive and long in duration. Akol waved this off, insisting that modern technology would carry the day.

Energy and Industry

18. (SBU) Akol said that Tula Falls on the Nile near Nimule offered one of the greatest untapped sources of hydroelectric power in the world. He said the Breden Falls near Juba offered a more modest source of power for the capital city. Akol frankly admitted that there was no industry per se in the South - the North had ensured that nothing was ever sited there - and that the GoSS realized that industrial development was for the long term. Light industry was the only realistic possibility for the near term.

Comment

19. (SBU) Minister Akol should examine carefully a topographical map of Ethiopia.

Bio Data

¶10. (SBU) A Dinka in his mid-60s, Albino Akol was a professional military man by profession. He fought in Anyanya I and was at various points a refugee in Central African Republic and Isiro, DRC, during that war. He returned to Khartoum after the Addis Ababa Agreement as part of the integrated national army and rose to the rank of general. He was not deployed to the South. Akol returned to Juba as a minister in the southern rump government formed by Riek Machar after his split with the SPLA and shift to the GOS. Akol became minister after signature of the CPA as the nominal representative of Malual's USDF party, although for all purposes Akol has shifted his allegiance to the SPLM.

HUME